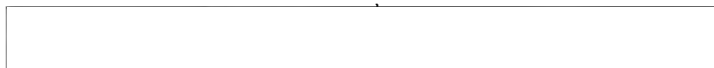




The President's Daily Brief

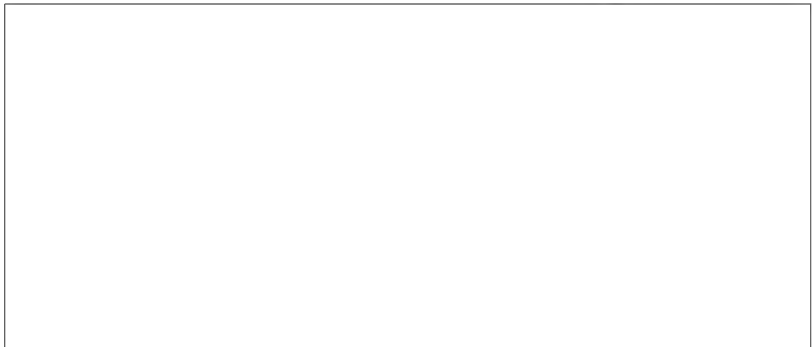
~~Top Secret~~ 21 July 1967



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DAILY BRIEF
21 JULY 1967

1. Soviet Union



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2. Soviet Union - Middle East

The United States Intelligence Board yesterday approved Special National Intelligence Estimate 11-13-67 on Soviet policy toward the Arabs. Here are its main points.

--Despite the Arab collapse last month, Moscow still wants to expand its influence in the Middle East, using the radical Arab regimes to undermine US influence.

--Soviet leaders have a tricky problem, however, in trying to woo the Arabs by giving them arms while at the same time avoiding another Arab-Israeli war.

--The Soviets already have replaced much of the aircraft and some of the other equipment the Arabs lost in the war, and have probably given general assurances that all of the losses will be made up.

--Final decision on ultimate supply levels, however, will probably be delayed. Moscow will want to keep both its political and material support from going beyond a point likely to stimulate provocative Arab moves or pre-emptive Israeli action.

--Moscow has already expanded its presence in the area, and a further influx of Soviet advisers, instructors, and technicians can be expected. The Soviets will continue to be leery of formal base agreements and will almost certainly avoid signing defense pacts, but we expect an increased Soviet military presence in Arab ports and military facilities.

3. Mexico - Communist China

The rag-tag batch of leftists the Mexican police picked up Wednesday were more adept at crime than at subversion. They were arrested in connection with a recent bank robbery. Even so, the Chinese were giving them about \$1600 a month.

4. North Vietnam

A recent editorial in Hanoi's party newspaper admits that the economy performed badly during the first half of this year.

The early rice crop was said to be "reduced"--that is, smaller than last year's mediocre crop. Both natural causes and poor management were blamed for this. We have other evidence that drought is continuing to threaten the rice crop, and we think there is little chance that Hanoi can reduce the food imports that have reached record levels this year.

As for industry, output is said to be "stabilized" and local industry to have performed "fairly well." These are the weakest claims ever made, and almost certainly mean that production has lagged behind plans, or possibly even retrogressed from last year.

5. Soviet Union

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6. Communist China

More demonstrations against Liu Shao-chi are in the wind. A renewed drive against his alleged followers throughout the country can be expected to sharpen the political infighting, which has already virtually brought government to a standstill in some provinces and has disrupted economic activity and rail traffic.

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